Green Audits and the Future Audit Environment

Naval Audit Service

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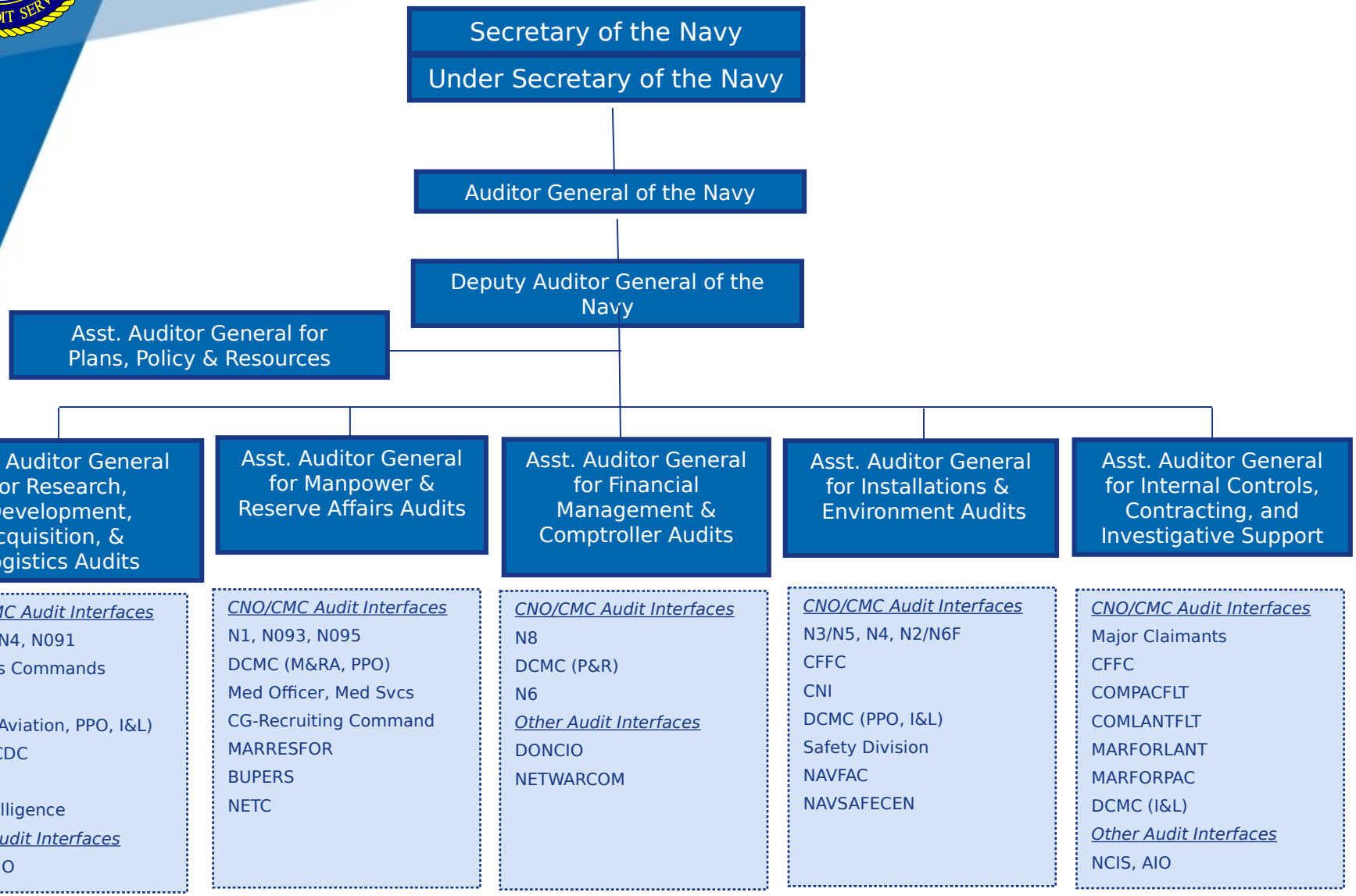
Mission

"…provide independent and objective audit services to assist Naval leadership in assessing risk to improve efficiency, accountability, and program effectiveness."

We provide "assurance"

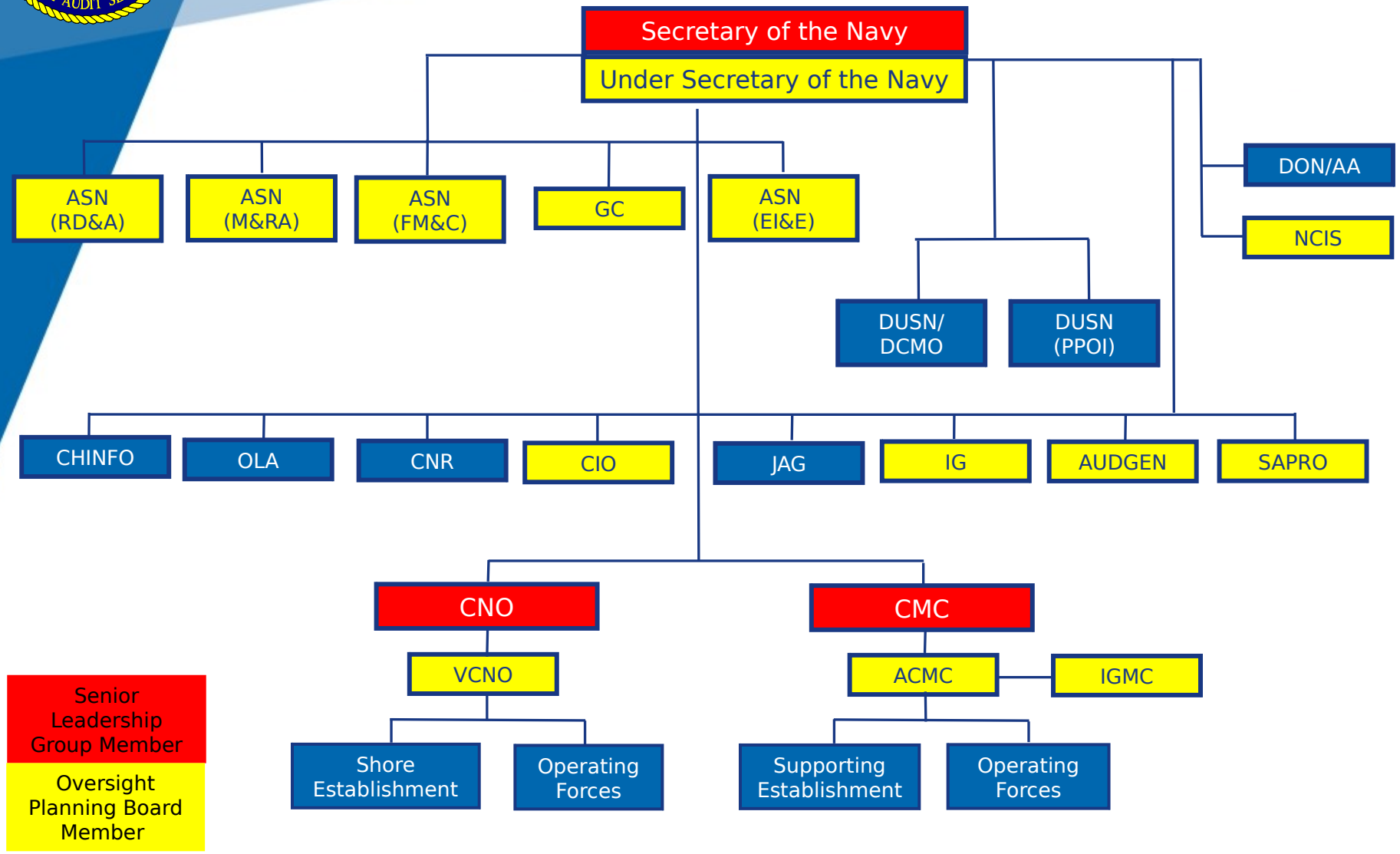
Naval Audit Service Organization



Oversight Planning Process

- SECNAV Memo, “Strengthening the Office of the Naval Inspector General and the Naval Audit Service,” directs
  - Preparation of an annual departmental Risk and Opportunity Assessment
  - Establishment of Senior Leadership Group and Oversight Planning Board
- SECNAV Oversight Planning Board Charter
  - Align audit and inspection plans with significant risks and senior leadership concerns
  - Coordinate efforts of DON oversight organizations
- Risk Assessment
  - Data call to Echelon I/II
  - Joint NAVIG/NAVAUDSVC effort
- AUDGEN-led Oversight Plan
  - Collaboratively developed with senior DON leaders
- Oversight Planning Board Review
- SECNAV/Senior Leadership Group Approval
  - Gives Oversight Plan the insight and backing of DON’s most senior military and civilian leaders

DON Organization



Sources of Audit Plan Topics

- DON Risk and Opportunity Assessment
- Plan Development Meetings
  - AAGs with DASNs, SES, and Flag Officers
  - AUDGEN/DEPAUDGEN/AAGs with individual OPB members
  - Serves as another source of risks for audit plan coverage
  - Also used to obtain OPB member buy-in prior to OPB
- Emergent Requirements After Plan Approval

Going Green

- Going green means to become environmentally conscious in your decisions....or at least to the best of your knowledge and within the realm of your ability...
- The country is going gree
- The Navy is going green

Green / Environmental Audit

- An official examination of the effects a company or other organization has on the environment, especially the damage that it causes
  - Serves as a means to identify opportunities to save money, enhance work quality, improve health and safety, reduce liabilities, and achieve other forms of business value
  - “Environmental audits can alert an organization to areas in which it does not meet current or proposed legislative requirements. Such audits can also encourage more efficient techniques and waste reduction measures." [*Environmental Conservation*]

Naval Energy Vision

- The Navy and Marine Corps will lead the Department of Defense (DoD) and the nation in bringing about improved energy security, energy independence, and a new energy economy.

Naval Energy Priorities for Energy Reform

- Energy Security
  - Sustaining sources
  - Meeting tactical, expeditionary, shore operational requirements
  - Protecting and delivering enough energy to meet operational needs
- Energy Independence
  - Reducing supply disruptions
  - Increasing operational effectiveness
  - Making Naval forces more energy self-sufficient

SECNAV's Energy Goals

- Energy Efficient Acquisition
- Sail the "Great Green Fleet"
- Reduce Non-Tactical Petroleum Use
- Increase Alternative Energy Ashore
- Increase Alternative Energy Use DON-Wide

SECNAV's Energy Goals, cont.

- Increase alternative energy use DON-wide
  - By 2020, 50% of total DON energy consumption, ashore and afloat, will come from alternative sources.

Figure 1:
Naval Energy Consumption by Fuel

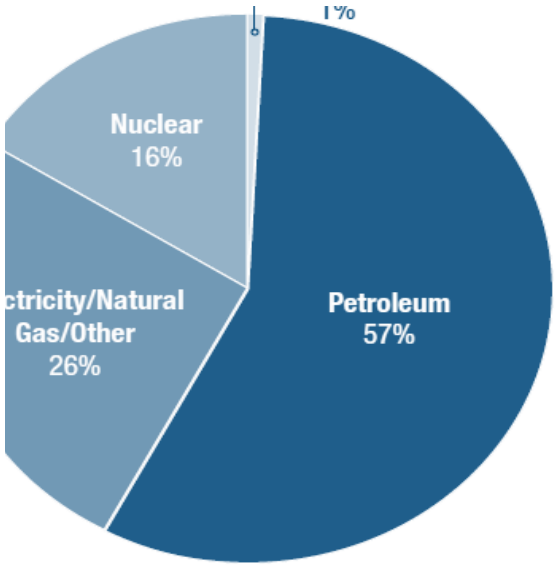
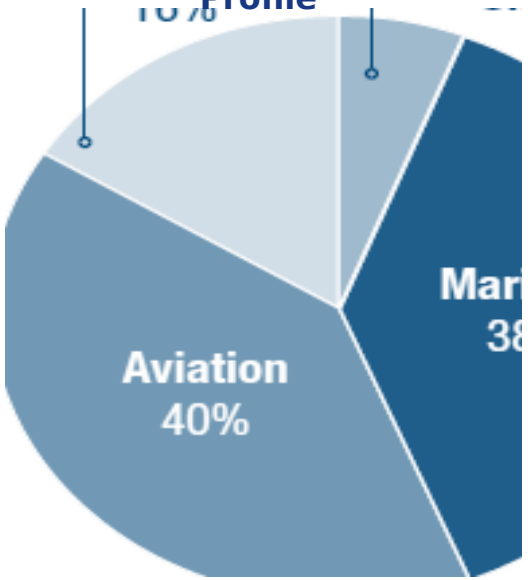


Figure 2:
Naval Petroleum Consumption Profile



Source: DON's Energy Program for Security and Independence Booklet, October 2010
Figure 1: Shore and Tactical Combined, FY 2008
Figure 2: FY 2008

DON Energy Objectives for FY 2011

- Increase Alternative Energy DON-Wide
- Increase Energy Evaluation Factors in Contract Awards
- Sail the Great Green Fleet
- Reduce Non Tactical Petroleum
- Increase Alternative Energy Ashore

Audit Area Energy

Solar

San Diego Solar PV

Geotherm
al

China Lake Geothermal Power Plant

Military
Constructio
n

NAVAUDSVC Completed Energy Audits

- Internal Controls Over DON Energy Funding and Financing Tools
  - Utility Energy Services Contracts
  - Energy Savings Performance Contracts
  - DON Energy Conservation Investment Program
- DON Geothermal Energy Program
- DON Military Constructions Projects

Ongoing Energy Audits

- DON Reporting of Fuel Consumption
  - Aviation (Navy & MC)
  - Maritime (Navy & MSC)
  - Expeditionary (Navy & MC)
- Strategy for Considering Energy Efficient Initiatives Associated with the Guam Relocation Effort
- Use of Geothermal Revenues and Geothermal Contracting Procedures

Audit Area: Environmental

- Audits focus on identifying opportunities to strengthen controls over environmental issues, such as:
  - Protection of the Environment
  - Environmental stewardship that manages resources in support of the Navy and Marine Corps environmental issues
  - Safety and Occupational Health

NAVAUDSVC Environmental Audits

- Consideration of Safety and Occupational Health Issues In Acquisition (Noise Reduction)
- DON Bulk Fuel Storage Facilities
- Safety and Occupational Health Assessment of DON Activities

Change in Audit Focus

- Combining Audits
- Narrower Scoped Audits
- Quicker turn around time
- Connecting Senior Leaders throughout the Navy
- Quicker response to recommendations

QUESTIONS?